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SUBJECT: ADDRESSING RUSSIAN ARMS SALES

REF: A. STATE 137954 B. MOSCOW 3207 C. MOSCOW 3139 D. MOSCOW 3023 E. MOSCOW 557 F. MOSCOW 402

Classified By: Ambassador William J. Burns. Reasons 1.4 (b) and (d).

11. (C) Summary: FM Lavrov's disinterest in establishing an expert level dialogue on arms sales begs the question of how best to address our cc

Russian Arms Sales Matter

12. (C) Russian arms sales are consequential, totaling approximately USD 6.7 billion in 2006, according to official figures. This amount reflects 13. (C) While no sales were reported in 2006 to Iran, Syria, or Sudan, in 2007 Iran reportedly paid Russia USD 700 million for TOR-M1 air defense 14. (C) Defense experts emphasize that the American and European domination of traditional NATO markets and capture of new entrants (and old Sc 15. (C) While concrete numbers are hard to come by, our best figures indicate that Russian arms sales to its traditional big-ticket customers - MOSCOW 00005154 002 OF 004 2.6 billion, but not all deliveries and payments have been made. While Russian experts still downplay the ability of the U.S. to displace Russia

A Legalistic World View

16. (S) As the recent 2-2 consultations confirmed, Russian officials defend arms sales to countries of concern in narrow legal terms. In answer 17. (S) What Russia has not done is accept our strategic calculus and rule out the possibility of sales to Iran, Syria, Sudan, or Venezuela. This -- With Iran, we are told that that Russia will not sell any weapon that violates a multilateral or domestic regime, nor transfer any item that -- With Syria, Russia also argues that its transfers are defensive in nature, and points to its decision to halt the sale of MANPADS. The MFA n -- With Sudan, the GOR denies any current arms trade with the regime, and maintains that Russia has not violated UN sanctions or Putin-initiate -- With Venezuela, both MFA officials and Russian experts believe that a "Monroe doctrine" mentality, and not real concerns over regional stability

What Is Behind the Russian Calculus

18. (C) A variety of factors drive Russian arms sales, but a compelling motivation is profit - both licit and illicit. As former Deputy Prime Minister MOSCOW 00005154 003 OF 004 helicopter production, is further proof of the importance the Putin government places on the industry. 19. (C) Likewise, it is an open secret that the Russian defense industry is an important trough at which senior officials feed, and weapons sales 10. (C) A second factor driving the Russian arms export policy is the desire to enhance Russia's standing as a "player" in areas where Russia 11. (C) A third and related factor lurking under the surface of these weapons sales is Russia's inferiority complex with respect to the United

Taking Another Run At Russia

12. (C) As FM Lavrov made clear during the 2-2 consultations, Russia will not engage systematically at the expert level on its arms export requests. -- Although U.S. sanctions are broad brush, the more we can prioritize our concerns over weapons sales that pose the biggest threat to U.S. interests. -- In the context of potential violations of international regimes and UNSCR resolutions, Russia needs to hear the concerns of key European partners. -- Regional actors should reinforce our message. Russian weapon sales that destabilize the Middle East should be protested by the Sunni Arab states. MOSCOW 00005154 004 OF 004 to Saudi Arabia and the Gulf states, the protests of our moderate Arab partners could also carry a price tag for Russian defiance. The same is -- The appearance of Russian weapons in Iraq, presumably transferred by Syria, and the prospect of American and coalition casualties as a result -- Finally, providing the Russians with better releasable intelligence when arguing against weapons transfers to rogue states is essential. Our

Final Caveat

13. (C) There are few voices in Russia who protest the sale of weapons to countries of concern and no domestic political constraints that tie